

From: "Taylor III, Robert M." <rmtaylor@dbh.com> on 10/26/2004 10:00:49 AM

Subject: Electronic Fund Transfers

Ms. Jennifer J. Johnson
Secretary
Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Dear Ms. Johnson:

This comment is submitted in response to the request for comments concerning proposed amendments to Regulation E. In its proposal, the Board proposes adopting a new definition of a "payroll card account." It would be most helpful if the Board would address in any final rules whether debit cards issued to employees in connection with Health Savings Accounts would constitute "payroll card accounts," and, if so, under what facts and circumstances. Health Savings Accounts were authorized under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 to permit employees to contribute pre-tax dollars to an account used to pay for qualified medical expenses.

If the Board adopts the view that debit cards issued in connection with Health Savings Accounts may be "payroll card accounts," it would be most advantageous to the existing sponsors of and participants in Health Savings Accounts to provide for a meaningful time period for existing such accounts to come into compliance with the requirements of Regulation E.

Thank you for the opportunity to comment on this proposal.

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